

1 AMENDMENT TO HOUSE BILL 3542

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 3542 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The State Finance Act is amended by adding  
5 Sections 5.595 and 6z-59 as follows:

6 (30 ILCS 105/5.595 new)  
7 Sec. 5.595. The School District Property Tax Relief Fund.

8 (30 ILCS 105/6z-59 new)  
9 Sec. 6z-59. School District Property Tax Relief Fund.  
10 The School District Property Tax Relief Fund is created as a  
11 special fund in the State treasury. All interest earned on  
12 moneys in the Fund shall be deposited into the Fund.

13 (a) As used in this Section:  
14 "Department" means the Illinois Department of Revenue.  
15 "School district property tax relief grant" means the  
16 money designated to be distributed to a school district from  
17 the moneys appropriated by the General Assembly from the  
18 School District Property Tax Relief Fund.

19 (b) Between November 15 and 17 of each year beginning in  
20 2003, the Department must certify the amount of money  
21 available for school district property tax relief grants. The

1 amount available is equal to the amount appropriated by the  
2 General Assembly or the unencumbered amount in the Fund at  
3 the time of certification, whichever is less.

4 (c) Between November 15 and 17 of each year beginning in  
5 2003, the Department must calculate each school district's  
6 grant amount.

7 The amount of the grant for each school district for a  
8 tax year is calculated as follows: (i) each school district  
9 must certify to the Department the rate of the tax extended  
10 for educational purposes for the 2001 tax year (payable in  
11 2002) for the school district; (ii) the Department must  
12 determine the equalized assessed value (EAV) of all taxable  
13 property in the school district for the tax year preceding  
14 the then current tax year; (iii) the rate determined in item  
15 (i) is multiplied by the EAV determined in item (ii); (iv)  
16 the amounts determined in item (iii) for all school districts  
17 are added together to reach an aggregate total for all school  
18 districts; and (v) the amount certified by the Department as  
19 available for distribution for that tax year is multiplied by  
20 the amount determined in item (iii) and then the product is  
21 divided by the amount determined in item (iv). The result  
22 determined in item (v) is the grant amount for the tax year.

23 For example:

24 (1) Total grant amount certified by the Department  
25 for the tax year is \$5,000,000 to be distributed to  
26 school districts A and B.

27 (2) School district A:

28 (A) Tax rate for educational purposes for the  
29 2001 tax year was 1.50%.

30 (B) Equalized assessed value of all taxable  
31 property in school district A for the preceding tax  
32 year was \$50,000,000.

33 (3) School district B:

34 (A) Tax rate for educational purposes for the

1           2001 tax year was 1.35%.

2                   (B) Equalized assessed value of all taxable  
3           property in school district B for the preceding tax  
4           year was \$75,000,000.

5   For school district A, the tax rate multiplied by the  
6   preceding tax year's equalized assessed value of all taxable  
7   property is \$750,000 (1.50% multiplied by \$50,000,000). For  
8   school district B, the tax rate multiplied by the preceding  
9   tax year's equalized assessed value of all taxable property  
10   is \$1,012,500 (1.35% multiplied by \$75,000,000). The sum of  
11   these 2 amounts is \$1,762,500. The grant for school district  
12   A is \$5,000,000 (the total amount of grant moneys available)  
13   multiplied by \$750,000 and then the product is divided by  
14   \$1,762,500. School district A's grant is \$2,127,660. The  
15   grant for school district B is \$5,000,000 (the total amount  
16   of grant moneys available) multiplied by \$1,012,500 and then  
17   the product is divided by \$1,762,500. School district B's  
18   grant is \$2,872,340.

19           The Department must adopt rules to determine the  
20   computation of the grant amount for a school district that  
21   has undergone school district reorganization under Article 7,  
22   7A, 11A, 11B, or 11D of the School Code (for example:  
23   consolidation, conversion into a different type of district,  
24   or creation of a new district).

25           (d) Between November 15 and 17 of each year beginning in  
26   2003, the Department must certify to the county clerk of each  
27   county the amount of the grant for each school district lying  
28   wholly or partly in the county to be paid to the county  
29   collector for distribution to the school district. The amount  
30   of the grant for a school district that lies partly in the  
31   county shall be that amount which bears the same ratio to the  
32   grant for the whole school district as the equalized assessed  
33   value of the taxable property in the school district for the  
34   preceding tax year that lies in the county bears to the

1 equalized assessed value of all taxable property in the  
2 school district for the preceding tax year.

3 (e) Upon receipt of a notice from the county clerk  
4 required under Section 18-178 of the Property Tax Code that  
5 the extension for educational purposes has been determined  
6 and abated for each school district or part of a school  
7 district in the county, the Department must certify to the  
8 Comptroller the amount of the school district property tax  
9 relief grant to be paid to the county collector. The  
10 Comptroller must promptly pay the grants to the county  
11 collector. Upon receipt of the school district property tax  
12 relief grants, the county collector must pay the grants to  
13 the respective school districts within 5 business days.

14 Section 10. The Illinois Income Tax Act is amended by  
15 changing Section 203 as follows:

16 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

17 Sec. 203. Base income defined.

18 (a) Individuals.

19 (1) In general. In the case of an individual, base  
20 income means an amount equal to the taxpayer's adjusted  
21 gross income for the taxable year as modified by  
22 paragraph (2).

23 (2) Modifications. The adjusted gross income  
24 referred to in paragraph (1) shall be modified by adding  
25 thereto the sum of the following amounts:

26 (A) An amount equal to all amounts paid or  
27 accrued to the taxpayer as interest or dividends  
28 during the taxable year to the extent excluded from  
29 gross income in the computation of adjusted gross  
30 income, except stock dividends of qualified public  
31 utilities described in Section 305(e) of the  
32 Internal Revenue Code;

1           (B) An amount equal to the amount of tax  
2 imposed by this Act to the extent deducted from  
3 gross income in the computation of adjusted gross  
4 income for the taxable year;

5           (C) An amount equal to the amount received  
6 during the taxable year as a recovery or refund of  
7 real property taxes paid with respect to the  
8 taxpayer's principal residence under the Revenue Act  
9 of 1939 and for which a deduction was previously  
10 taken under subparagraph (L) of this paragraph (2)  
11 prior to July 1, 1991, the retrospective application  
12 date of Article 4 of Public Act 87-17. In the case  
13 of multi-unit or multi-use structures and farm  
14 dwellings, the taxes on the taxpayer's principal  
15 residence shall be that portion of the total taxes  
16 for the entire property which is attributable to  
17 such principal residence;

18           (D) An amount equal to the amount of the  
19 capital gain deduction allowable under the Internal  
20 Revenue Code, to the extent deducted from gross  
21 income in the computation of adjusted gross income;

22           (D-5) An amount, to the extent not included in  
23 adjusted gross income, equal to the amount of money  
24 withdrawn by the taxpayer in the taxable year from a  
25 medical care savings account and the interest earned  
26 on the account in the taxable year of a withdrawal  
27 pursuant to subsection (b) of Section 20 of the  
28 Medical Care Savings Account Act or subsection (b)  
29 of Section 20 of the Medical Care Savings Account  
30 Act of 2000;

31           (D-10) For taxable years ending after December  
32 31, 1997, an amount equal to any eligible  
33 remediation costs that the individual deducted in  
34 computing adjusted gross income and for which the

1 individual claims a credit under subsection (l) of  
2 Section 201;

3 (D-15) For taxable years 2001 and thereafter,  
4 an amount equal to the bonus depreciation deduction  
5 (30% of the adjusted basis of the qualified  
6 property) taken on the taxpayer's federal income tax  
7 return for the taxable year under subsection (k) of  
8 Section 168 of the Internal Revenue Code; and

9 (D-16) If the taxpayer reports a capital gain  
10 or loss on the taxpayer's federal income tax return  
11 for the taxable year based on a sale or transfer of  
12 property for which the taxpayer was required in any  
13 taxable year to make an addition modification under  
14 subparagraph (D-15), then an amount equal to the  
15 aggregate amount of the deductions taken in all  
16 taxable years under subparagraph (Z) with respect to  
17 that property;†

18 The taxpayer is required to make the addition  
19 modification under this subparagraph only once with  
20 respect to any one piece of property;‡ and

21 (D-20) ~~(D-15)~~ For taxable years beginning on  
22 or after January 1, 2002, in the case of a  
23 distribution from a qualified tuition program under  
24 Section 529 of the Internal Revenue Code, other than  
25 (i) a distribution from a College Savings Pool  
26 created under Section 16.5 of the State Treasurer  
27 Act or (ii) a distribution from the Illinois Prepaid  
28 Tuition Trust Fund, an amount equal to the amount  
29 excluded from gross income under Section  
30 529(c)(3)(B);

31 and by deducting from the total so obtained the sum of  
32 the following amounts:

33 (E) For taxable years ending before December  
34 31, 2001, any amount included in such total in

1 respect of any compensation (including but not  
2 limited to any compensation paid or accrued to a  
3 serviceman while a prisoner of war or missing in  
4 action) paid to a resident by reason of being on  
5 active duty in the Armed Forces of the United States  
6 and in respect of any compensation paid or accrued  
7 to a resident who as a governmental employee was a  
8 prisoner of war or missing in action, and in respect  
9 of any compensation paid to a resident in 1971 or  
10 thereafter for annual training performed pursuant to  
11 Sections 502 and 503, Title 32, United States Code  
12 as a member of the Illinois National Guard. For  
13 taxable years ending on or after December 31, 2001,  
14 any amount included in such total in respect of any  
15 compensation (including but not limited to any  
16 compensation paid or accrued to a serviceman while a  
17 prisoner of war or missing in action) paid to a  
18 resident by reason of being a member of any  
19 component of the Armed Forces of the United States  
20 and in respect of any compensation paid or accrued  
21 to a resident who as a governmental employee was a  
22 prisoner of war or missing in action, and in respect  
23 of any compensation paid to a resident in 2001 or  
24 thereafter by reason of being a member of the  
25 Illinois National Guard. The provisions of this  
26 amendatory Act of the 92nd General Assembly are  
27 exempt from the provisions of Section 250;

28 (F) An amount equal to all amounts included in  
29 such total pursuant to the provisions of Sections  
30 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and  
31 408 of the Internal Revenue Code, or included in  
32 such total as distributions under the provisions of  
33 any retirement or disability plan for employees of  
34 any governmental agency or unit, or retirement

1 payments to retired partners, which payments are  
2 excluded in computing net earnings from self  
3 employment by Section 1402 of the Internal Revenue  
4 Code and regulations adopted pursuant thereto;

5 (G) The valuation limitation amount;

6 (H) An amount equal to the amount of any tax  
7 imposed by this Act which was refunded to the  
8 taxpayer and included in such total for the taxable  
9 year;

10 (I) An amount equal to all amounts included in  
11 such total pursuant to the provisions of Section 111  
12 of the Internal Revenue Code as a recovery of items  
13 previously deducted from adjusted gross income in  
14 the computation of taxable income;

15 (J) An amount equal to those dividends  
16 included in such total which were paid by a  
17 corporation which conducts business operations in an  
18 Enterprise Zone or zones created under the Illinois  
19 Enterprise Zone Act, and conducts substantially all  
20 of its operations in an Enterprise Zone or zones;

21 (K) An amount equal to those dividends  
22 included in such total that were paid by a  
23 corporation that conducts business operations in a  
24 federally designated Foreign Trade Zone or Sub-Zone  
25 and that is designated a High Impact Business  
26 located in Illinois; provided that dividends  
27 eligible for the deduction provided in subparagraph  
28 (J) of paragraph (2) of this subsection shall not be  
29 eligible for the deduction provided under this  
30 subparagraph (K);

31 (L) For taxable years ending after December  
32 31, 1983, an amount equal to all social security  
33 benefits and railroad retirement benefits included  
34 in such total pursuant to Sections 72(r) and 86 of

1 the Internal Revenue Code;

2 (M) With the exception of any amounts  
3 subtracted under subparagraph (N), an amount equal  
4 to the sum of all amounts disallowed as deductions  
5 by (i) Sections 171(a) (2), and 265(2) of the  
6 Internal Revenue Code of 1954, as now or hereafter  
7 amended, and all amounts of expenses allocable to  
8 interest and disallowed as deductions by Section  
9 265(1) of the Internal Revenue Code of 1954, as now  
10 or hereafter amended; and (ii) for taxable years  
11 ending on or after August 13, 1999, Sections  
12 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the  
13 Internal Revenue Code; the provisions of this  
14 subparagraph are exempt from the provisions of  
15 Section 250;

16 (N) An amount equal to all amounts included in  
17 such total which are exempt from taxation by this  
18 State either by reason of its statutes or  
19 Constitution or by reason of the Constitution,  
20 treaties or statutes of the United States; provided  
21 that, in the case of any statute of this State that  
22 exempts income derived from bonds or other  
23 obligations from the tax imposed under this Act, the  
24 amount exempted shall be the interest net of bond  
25 premium amortization;

26 (O) An amount equal to any contribution made  
27 to a job training project established pursuant to  
28 the Tax Increment Allocation Redevelopment Act;

29 (P) An amount equal to the amount of the  
30 deduction used to compute the federal income tax  
31 credit for restoration of substantial amounts held  
32 under claim of right for the taxable year pursuant  
33 to Section 1341 of the Internal Revenue Code of  
34 1986;

1 (Q) An amount equal to any amounts included in  
2 such total, received by the taxpayer as an  
3 acceleration in the payment of life, endowment or  
4 annuity benefits in advance of the time they would  
5 otherwise be payable as an indemnity for a terminal  
6 illness;

7 (R) An amount equal to the amount of any  
8 federal or State bonus paid to veterans of the  
9 Persian Gulf War;

10 (S) An amount, to the extent included in  
11 adjusted gross income, equal to the amount of a  
12 contribution made in the taxable year on behalf of  
13 the taxpayer to a medical care savings account  
14 established under the Medical Care Savings Account  
15 Act or the Medical Care Savings Account Act of 2000  
16 to the extent the contribution is accepted by the  
17 account administrator as provided in that Act;

18 (T) An amount, to the extent included in  
19 adjusted gross income, equal to the amount of  
20 interest earned in the taxable year on a medical  
21 care savings account established under the Medical  
22 Care Savings Account Act or the Medical Care Savings  
23 Account Act of 2000 on behalf of the taxpayer, other  
24 than interest added pursuant to item (D-5) of this  
25 paragraph (2);

26 (U) For one taxable year beginning on or after  
27 January 1, 1994, an amount equal to the total amount  
28 of tax imposed and paid under subsections (a) and  
29 (b) of Section 201 of this Act on grant amounts  
30 received by the taxpayer under the Nursing Home  
31 Grant Assistance Act during the taxpayer's taxable  
32 years 1992 and 1993;

33 (V) Beginning with tax years ending on or  
34 after December 31, 1995 and ending with tax years

1 ending on or before December 31, 2004, an amount  
2 equal to the amount paid by a taxpayer who is a  
3 self-employed taxpayer, a partner of a partnership,  
4 or a shareholder in a Subchapter S corporation for  
5 health insurance or long-term care insurance for  
6 that taxpayer or that taxpayer's spouse or  
7 dependents, to the extent that the amount paid for  
8 that health insurance or long-term care insurance  
9 may be deducted under Section 213 of the Internal  
10 Revenue Code of 1986, has not been deducted on the  
11 federal income tax return of the taxpayer, and does  
12 not exceed the taxable income attributable to that  
13 taxpayer's income, self-employment income, or  
14 Subchapter S corporation income; except that no  
15 deduction shall be allowed under this item (V) if  
16 the taxpayer is eligible to participate in any  
17 health insurance or long-term care insurance plan of  
18 an employer of the taxpayer or the taxpayer's  
19 spouse. The amount of the health insurance and  
20 long-term care insurance subtracted under this item  
21 (V) shall be determined by multiplying total health  
22 insurance and long-term care insurance premiums paid  
23 by the taxpayer times a number that represents the  
24 fractional percentage of eligible medical expenses  
25 under Section 213 of the Internal Revenue Code of  
26 1986 not actually deducted on the taxpayer's federal  
27 income tax return;

28 (W) For taxable years beginning on or after  
29 January 1, 1998, all amounts included in the  
30 taxpayer's federal gross income in the taxable year  
31 from amounts converted from a regular IRA to a Roth  
32 IRA. This paragraph is exempt from the provisions of  
33 Section 250;

34 (X) For taxable year 1999 and thereafter, an

1 amount equal to the amount of any (i) distributions,  
2 to the extent includible in gross income for federal  
3 income tax purposes, made to the taxpayer because of  
4 his or her status as a victim of persecution for  
5 racial or religious reasons by Nazi Germany or any  
6 other Axis regime or as an heir of the victim and  
7 (ii) items of income, to the extent includible in  
8 gross income for federal income tax purposes,  
9 attributable to, derived from or in any way related  
10 to assets stolen from, hidden from, or otherwise  
11 lost to a victim of persecution for racial or  
12 religious reasons by Nazi Germany or any other Axis  
13 regime immediately prior to, during, and immediately  
14 after World War II, including, but not limited to,  
15 interest on the proceeds receivable as insurance  
16 under policies issued to a victim of persecution for  
17 racial or religious reasons by Nazi Germany or any  
18 other Axis regime by European insurance companies  
19 immediately prior to and during World War II;  
20 provided, however, this subtraction from federal  
21 adjusted gross income does not apply to assets  
22 acquired with such assets or with the proceeds from  
23 the sale of such assets; provided, further, this  
24 paragraph shall only apply to a taxpayer who was the  
25 first recipient of such assets after their recovery  
26 and who is a victim of persecution for racial or  
27 religious reasons by Nazi Germany or any other Axis  
28 regime or as an heir of the victim. The amount of  
29 and the eligibility for any public assistance,  
30 benefit, or similar entitlement is not affected by  
31 the inclusion of items (i) and (ii) of this  
32 paragraph in gross income for federal income tax  
33 purposes. This paragraph is exempt from the  
34 provisions of Section 250;

1 (Y) For taxable years beginning on or after  
2 January 1, 2002, moneys contributed in the taxable  
3 year to a College Savings Pool account under Section  
4 16.5 of the State Treasurer Act, except that amounts  
5 excluded from gross income under Section  
6 529(c)(3)(C)(i) of the Internal Revenue Code shall  
7 not be considered moneys contributed under this  
8 subparagraph (Y). This subparagraph (Y) is exempt  
9 from the provisions of Section 250;

10 (Z) For taxable years 2001 and thereafter, for  
11 the taxable year in which the bonus depreciation  
12 deduction (30% of the adjusted basis of the  
13 qualified property) is taken on the taxpayer's  
14 federal income tax return under subsection (k) of  
15 Section 168 of the Internal Revenue Code and for  
16 each applicable taxable year thereafter, an amount  
17 equal to "x", where:

18 (1) "y" equals the amount of the  
19 depreciation deduction taken for the taxable  
20 year on the taxpayer's federal income tax  
21 return on property for which the bonus  
22 depreciation deduction (30% of the adjusted  
23 basis of the qualified property) was taken in  
24 any year under subsection (k) of Section 168 of  
25 the Internal Revenue Code, but not including  
26 the bonus depreciation deduction; and

27 (2) "x" equals "y" multiplied by 30 and  
28 then divided by 70 (or "y" multiplied by  
29 0.429).

30 The aggregate amount deducted under this  
31 subparagraph in all taxable years for any one piece  
32 of property may not exceed the amount of the bonus  
33 depreciation deduction (30% of the adjusted basis of  
34 the qualified property) taken on that property on

1 the taxpayer's federal income tax return under  
2 subsection (k) of Section 168 of the Internal  
3 Revenue Code; and

4 (AA) If the taxpayer reports a capital gain or  
5 loss on the taxpayer's federal income tax return for  
6 the taxable year based on a sale or transfer of  
7 property for which the taxpayer was required in any  
8 taxable year to make an addition modification under  
9 subparagraph (D-15), then an amount equal to that  
10 addition modification.

11 The taxpayer is allowed to take the deduction  
12 under this subparagraph only once with respect to  
13 any one piece of property; and

14 (BB) (Z) Any amount included in adjusted gross  
15 income, other than salary, received by a driver in a  
16 ridesharing arrangement using a motor vehicle; and

17 (CC) Beginning with tax years ending on or  
18 after December 31, 2003 and ending with tax years  
19 ending on or before December 30, 2008, an amount,  
20 not to exceed \$1,200, equal to 15% of the total  
21 amount of rent paid by the taxpayer during the year  
22 for the principal place of residence of the  
23 taxpayer.

24 (b) Corporations.

25 (1) In general. In the case of a corporation, base  
26 income means an amount equal to the taxpayer's taxable  
27 income for the taxable year as modified by paragraph (2).

28 (2) Modifications. The taxable income referred to  
29 in paragraph (1) shall be modified by adding thereto the  
30 sum of the following amounts:

31 (A) An amount equal to all amounts paid or  
32 accrued to the taxpayer as interest and all  
33 distributions received from regulated investment  
34 companies during the taxable year to the extent

1 excluded from gross income in the computation of  
2 taxable income;

3 (B) An amount equal to the amount of tax  
4 imposed by this Act to the extent deducted from  
5 gross income in the computation of taxable income  
6 for the taxable year;

7 (C) In the case of a regulated investment  
8 company, an amount equal to the excess of (i) the  
9 net long-term capital gain for the taxable year,  
10 over (ii) the amount of the capital gain dividends  
11 designated as such in accordance with Section  
12 852(b)(3)(C) of the Internal Revenue Code and any  
13 amount designated under Section 852(b)(3)(D) of the  
14 Internal Revenue Code, attributable to the taxable  
15 year (this amendatory Act of 1995 (Public Act 89-89)  
16 is declarative of existing law and is not a new  
17 enactment);

18 (D) The amount of any net operating loss  
19 deduction taken in arriving at taxable income, other  
20 than a net operating loss carried forward from a  
21 taxable year ending prior to December 31, 1986;

22 (E) For taxable years in which a net operating  
23 loss carryback or carryforward from a taxable year  
24 ending prior to December 31, 1986 is an element of  
25 taxable income under paragraph (1) of subsection (e)  
26 or subparagraph (E) of paragraph (2) of subsection  
27 (e), the amount by which addition modifications  
28 other than those provided by this subparagraph (E)  
29 exceeded subtraction modifications in such earlier  
30 taxable year, with the following limitations applied  
31 in the order that they are listed:

32 (i) the addition modification relating to  
33 the net operating loss carried back or forward  
34 to the taxable year from any taxable year

1 ending prior to December 31, 1986 shall be  
2 reduced by the amount of addition modification  
3 under this subparagraph (E) which related to  
4 that net operating loss and which was taken  
5 into account in calculating the base income of  
6 an earlier taxable year, and

7 (ii) the addition modification relating  
8 to the net operating loss carried back or  
9 forward to the taxable year from any taxable  
10 year ending prior to December 31, 1986 shall  
11 not exceed the amount of such carryback or  
12 carryforward;

13 For taxable years in which there is a net  
14 operating loss carryback or carryforward from more  
15 than one other taxable year ending prior to December  
16 31, 1986, the addition modification provided in this  
17 subparagraph (E) shall be the sum of the amounts  
18 computed independently under the preceding  
19 provisions of this subparagraph (E) for each such  
20 taxable year;

21 (E-5) For taxable years ending after December  
22 31, 1997, an amount equal to any eligible  
23 remediation costs that the corporation deducted in  
24 computing adjusted gross income and for which the  
25 corporation claims a credit under subsection (l) of  
26 Section 201;

27 (E-10) For taxable years 2001 and thereafter,  
28 an amount equal to the bonus depreciation deduction  
29 (30% of the adjusted basis of the qualified  
30 property) taken on the taxpayer's federal income tax  
31 return for the taxable year under subsection (k) of  
32 Section 168 of the Internal Revenue Code; and

33 (E-11) If the taxpayer reports a capital gain  
34 or loss on the taxpayer's federal income tax return

1 for the taxable year based on a sale or transfer of  
2 property for which the taxpayer was required in any  
3 taxable year to make an addition modification under  
4 subparagraph (E-10), then an amount equal to the  
5 aggregate amount of the deductions taken in all  
6 taxable years under subparagraph (T) with respect to  
7 that property.†

8 The taxpayer is required to make the addition  
9 modification under this subparagraph only once with  
10 respect to any one piece of property;

11 and by deducting from the total so obtained the sum of  
12 the following amounts:

13 (F) An amount equal to the amount of any tax  
14 imposed by this Act which was refunded to the  
15 taxpayer and included in such total for the taxable  
16 year;

17 (G) An amount equal to any amount included in  
18 such total under Section 78 of the Internal Revenue  
19 Code;

20 (H) In the case of a regulated investment  
21 company, an amount equal to the amount of exempt  
22 interest dividends as defined in subsection (b) (5)  
23 of Section 852 of the Internal Revenue Code, paid to  
24 shareholders for the taxable year;

25 (I) With the exception of any amounts  
26 subtracted under subparagraph (J), an amount equal  
27 to the sum of all amounts disallowed as deductions  
28 by (i) Sections 171(a) (2), and 265(a)(2) and  
29 amounts disallowed as interest expense by Section  
30 291(a)(3) of the Internal Revenue Code, as now or  
31 hereafter amended, and all amounts of expenses  
32 allocable to interest and disallowed as deductions  
33 by Section 265(a)(1) of the Internal Revenue Code,  
34 as now or hereafter amended; and (ii) for taxable

1 years ending on or after August 13, 1999, Sections  
2 171(a)(2), 265, 280C, 291(a)(3), and 832(b)(5)(B)(i)  
3 of the Internal Revenue Code; the provisions of this  
4 subparagraph are exempt from the provisions of  
5 Section 250;

6 (J) An amount equal to all amounts included in  
7 such total which are exempt from taxation by this  
8 State either by reason of its statutes or  
9 Constitution or by reason of the Constitution,  
10 treaties or statutes of the United States; provided  
11 that, in the case of any statute of this State that  
12 exempts income derived from bonds or other  
13 obligations from the tax imposed under this Act, the  
14 amount exempted shall be the interest net of bond  
15 premium amortization;

16 (K) An amount equal to those dividends  
17 included in such total which were paid by a  
18 corporation which conducts business operations in an  
19 Enterprise Zone or zones created under the Illinois  
20 Enterprise Zone Act and conducts substantially all  
21 of its operations in an Enterprise Zone or zones;

22 (L) An amount equal to those dividends  
23 included in such total that were paid by a  
24 corporation that conducts business operations in a  
25 federally designated Foreign Trade Zone or Sub-Zone  
26 and that is designated a High Impact Business  
27 located in Illinois; provided that dividends  
28 eligible for the deduction provided in subparagraph  
29 (K) of paragraph 2 of this subsection shall not be  
30 eligible for the deduction provided under this  
31 subparagraph (L);

32 (M) For any taxpayer that is a financial  
33 organization within the meaning of Section 304(c) of  
34 this Act, an amount included in such total as

1 interest income from a loan or loans made by such  
2 taxpayer to a borrower, to the extent that such a  
3 loan is secured by property which is eligible for  
4 the Enterprise Zone Investment Credit. To determine  
5 the portion of a loan or loans that is secured by  
6 property eligible for a Section 201(f) investment  
7 credit to the borrower, the entire principal amount  
8 of the loan or loans between the taxpayer and the  
9 borrower should be divided into the basis of the  
10 Section 201(f) investment credit property which  
11 secures the loan or loans, using for this purpose  
12 the original basis of such property on the date that  
13 it was placed in service in the Enterprise Zone.  
14 The subtraction modification available to taxpayer  
15 in any year under this subsection shall be that  
16 portion of the total interest paid by the borrower  
17 with respect to such loan attributable to the  
18 eligible property as calculated under the previous  
19 sentence;

20 (M-1) For any taxpayer that is a financial  
21 organization within the meaning of Section 304(c) of  
22 this Act, an amount included in such total as  
23 interest income from a loan or loans made by such  
24 taxpayer to a borrower, to the extent that such a  
25 loan is secured by property which is eligible for  
26 the High Impact Business Investment Credit. To  
27 determine the portion of a loan or loans that is  
28 secured by property eligible for a Section 201(h)  
29 investment credit to the borrower, the entire  
30 principal amount of the loan or loans between the  
31 taxpayer and the borrower should be divided into the  
32 basis of the Section 201(h) investment credit  
33 property which secures the loan or loans, using for  
34 this purpose the original basis of such property on

1 the date that it was placed in service in a  
2 federally designated Foreign Trade Zone or Sub-Zone  
3 located in Illinois. No taxpayer that is eligible  
4 for the deduction provided in subparagraph (M) of  
5 paragraph (2) of this subsection shall be eligible  
6 for the deduction provided under this subparagraph  
7 (M-1). The subtraction modification available to  
8 taxpayers in any year under this subsection shall be  
9 that portion of the total interest paid by the  
10 borrower with respect to such loan attributable to  
11 the eligible property as calculated under the  
12 previous sentence;

13 (N) Two times any contribution made during the  
14 taxable year to a designated zone organization to  
15 the extent that the contribution (i) qualifies as a  
16 charitable contribution under subsection (c) of  
17 Section 170 of the Internal Revenue Code and (ii)  
18 must, by its terms, be used for a project approved  
19 by the Department of Commerce and Community Affairs  
20 under Section 11 of the Illinois Enterprise Zone  
21 Act;

22 (O) An amount equal to: (i) 85% for taxable  
23 years ending on or before December 31, 1992, or, a  
24 percentage equal to the percentage allowable under  
25 Section 243(a)(1) of the Internal Revenue Code of  
26 1986 for taxable years ending after December 31,  
27 1992, of the amount by which dividends included in  
28 taxable income and received from a corporation that  
29 is not created or organized under the laws of the  
30 United States or any state or political subdivision  
31 thereof, including, for taxable years ending on or  
32 after December 31, 1988, dividends received or  
33 deemed received or paid or deemed paid under  
34 Sections 951 through 964 of the Internal Revenue

1 Code, exceed the amount of the modification provided  
2 under subparagraph (G) of paragraph (2) of this  
3 subsection (b) which is related to such dividends;  
4 plus (ii) 100% of the amount by which dividends,  
5 included in taxable income and received, including,  
6 for taxable years ending on or after December 31,  
7 1988, dividends received or deemed received or paid  
8 or deemed paid under Sections 951 through 964 of the  
9 Internal Revenue Code, from any such corporation  
10 specified in clause (i) that would but for the  
11 provisions of Section 1504 (b) (3) of the Internal  
12 Revenue Code be treated as a member of the  
13 affiliated group which includes the dividend  
14 recipient, exceed the amount of the modification  
15 provided under subparagraph (G) of paragraph (2) of  
16 this subsection (b) which is related to such  
17 dividends;

18 (P) An amount equal to any contribution made  
19 to a job training project established pursuant to  
20 the Tax Increment Allocation Redevelopment Act;

21 (Q) An amount equal to the amount of the  
22 deduction used to compute the federal income tax  
23 credit for restoration of substantial amounts held  
24 under claim of right for the taxable year pursuant  
25 to Section 1341 of the Internal Revenue Code of  
26 1986;

27 (R) In the case of an attorney-in-fact with  
28 respect to whom an interinsurer or a reciprocal  
29 insurer has made the election under Section 835 of  
30 the Internal Revenue Code, 26 U.S.C. 835, an amount  
31 equal to the excess, if any, of the amounts paid or  
32 incurred by that interinsurer or reciprocal insurer  
33 in the taxable year to the attorney-in-fact over the  
34 deduction allowed to that interinsurer or reciprocal

1 insurer with respect to the attorney-in-fact under  
2 Section 835(b) of the Internal Revenue Code for the  
3 taxable year;

4 (S) For taxable years ending on or after  
5 December 31, 1997, in the case of a Subchapter S  
6 corporation, an amount equal to all amounts of  
7 income allocable to a shareholder subject to the  
8 Personal Property Tax Replacement Income Tax imposed  
9 by subsections (c) and (d) of Section 201 of this  
10 Act, including amounts allocable to organizations  
11 exempt from federal income tax by reason of Section  
12 501(a) of the Internal Revenue Code. This  
13 subparagraph (S) is exempt from the provisions of  
14 Section 250;

15 (T) For taxable years 2001 and thereafter, for  
16 the taxable year in which the bonus depreciation  
17 deduction (30% of the adjusted basis of the  
18 qualified property) is taken on the taxpayer's  
19 federal income tax return under subsection (k) of  
20 Section 168 of the Internal Revenue Code and for  
21 each applicable taxable year thereafter, an amount  
22 equal to "x", where:

23 (1) "y" equals the amount of the  
24 depreciation deduction taken for the taxable  
25 year on the taxpayer's federal income tax  
26 return on property for which the bonus  
27 depreciation deduction (30% of the adjusted  
28 basis of the qualified property) was taken in  
29 any year under subsection (k) of Section 168 of  
30 the Internal Revenue Code, but not including  
31 the bonus depreciation deduction; and

32 (2) "x" equals "y" multiplied by 30 and  
33 then divided by 70 (or "y" multiplied by  
34 0.429).

1           The aggregate amount deducted under this  
2           subparagraph in all taxable years for any one piece  
3           of property may not exceed the amount of the bonus  
4           depreciation deduction (30% of the adjusted basis of  
5           the qualified property) taken on that property on  
6           the taxpayer's federal income tax return under  
7           subsection (k) of Section 168 of the Internal  
8           Revenue Code; and

9           (U) If the taxpayer reports a capital gain or  
10          loss on the taxpayer's federal income tax return for  
11          the taxable year based on a sale or transfer of  
12          property for which the taxpayer was required in any  
13          taxable year to make an addition modification under  
14          subparagraph (E-10), then an amount equal to that  
15          addition modification.

16          The taxpayer is allowed to take the deduction  
17          under this subparagraph only once with respect to  
18          any one piece of property.

19          (3) Special rule. For purposes of paragraph (2)  
20          (A), "gross income" in the case of a life insurance  
21          company, for tax years ending on and after December 31,  
22          1994, shall mean the gross investment income for the  
23          taxable year.

24          (c) Trusts and estates.

25          (1) In general. In the case of a trust or estate,  
26          base income means an amount equal to the taxpayer's  
27          taxable income for the taxable year as modified by  
28          paragraph (2).

29          (2) Modifications. Subject to the provisions of  
30          paragraph (3), the taxable income referred to in  
31          paragraph (1) shall be modified by adding thereto the sum  
32          of the following amounts:

33          (A) An amount equal to all amounts paid or  
34          accrued to the taxpayer as interest or dividends

1 during the taxable year to the extent excluded from  
2 gross income in the computation of taxable income;

3 (B) In the case of (i) an estate, \$600; (ii) a  
4 trust which, under its governing instrument, is  
5 required to distribute all of its income currently,  
6 \$300; and (iii) any other trust, \$100, but in each  
7 such case, only to the extent such amount was  
8 deducted in the computation of taxable income;

9 (C) An amount equal to the amount of tax  
10 imposed by this Act to the extent deducted from  
11 gross income in the computation of taxable income  
12 for the taxable year;

13 (D) The amount of any net operating loss  
14 deduction taken in arriving at taxable income, other  
15 than a net operating loss carried forward from a  
16 taxable year ending prior to December 31, 1986;

17 (E) For taxable years in which a net operating  
18 loss carryback or carryforward from a taxable year  
19 ending prior to December 31, 1986 is an element of  
20 taxable income under paragraph (1) of subsection (e)  
21 or subparagraph (E) of paragraph (2) of subsection  
22 (e), the amount by which addition modifications  
23 other than those provided by this subparagraph (E)  
24 exceeded subtraction modifications in such taxable  
25 year, with the following limitations applied in the  
26 order that they are listed:

27 (i) the addition modification relating to  
28 the net operating loss carried back or forward  
29 to the taxable year from any taxable year  
30 ending prior to December 31, 1986 shall be  
31 reduced by the amount of addition modification  
32 under this subparagraph (E) which related to  
33 that net operating loss and which was taken  
34 into account in calculating the base income of

1 an earlier taxable year, and

2 (ii) the addition modification relating  
3 to the net operating loss carried back or  
4 forward to the taxable year from any taxable  
5 year ending prior to December 31, 1986 shall  
6 not exceed the amount of such carryback or  
7 carryforward;

8 For taxable years in which there is a net  
9 operating loss carryback or carryforward from more  
10 than one other taxable year ending prior to December  
11 31, 1986, the addition modification provided in this  
12 subparagraph (E) shall be the sum of the amounts  
13 computed independently under the preceding  
14 provisions of this subparagraph (E) for each such  
15 taxable year;

16 (F) For taxable years ending on or after  
17 January 1, 1989, an amount equal to the tax deducted  
18 pursuant to Section 164 of the Internal Revenue Code  
19 if the trust or estate is claiming the same tax for  
20 purposes of the Illinois foreign tax credit under  
21 Section 601 of this Act;

22 (G) An amount equal to the amount of the  
23 capital gain deduction allowable under the Internal  
24 Revenue Code, to the extent deducted from gross  
25 income in the computation of taxable income;

26 (G-5) For taxable years ending after December  
27 31, 1997, an amount equal to any eligible  
28 remediation costs that the trust or estate deducted  
29 in computing adjusted gross income and for which the  
30 trust or estate claims a credit under subsection (1)  
31 of Section 201;

32 (G-10) For taxable years 2001 and thereafter,  
33 an amount equal to the bonus depreciation deduction  
34 (30% of the adjusted basis of the qualified

1 property) taken on the taxpayer's federal income tax  
2 return for the taxable year under subsection (k) of  
3 Section 168 of the Internal Revenue Code; and

4 (G-11) If the taxpayer reports a capital gain  
5 or loss on the taxpayer's federal income tax return  
6 for the taxable year based on a sale or transfer of  
7 property for which the taxpayer was required in any  
8 taxable year to make an addition modification under  
9 subparagraph (G-10), then an amount equal to the  
10 aggregate amount of the deductions taken in all  
11 taxable years under subparagraph (R) with respect to  
12 that property.†

13 The taxpayer is required to make the addition  
14 modification under this subparagraph only once with  
15 respect to any one piece of property;

16 and by deducting from the total so obtained the sum of  
17 the following amounts:

18 (H) An amount equal to all amounts included in  
19 such total pursuant to the provisions of Sections  
20 402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and  
21 408 of the Internal Revenue Code or included in such  
22 total as distributions under the provisions of any  
23 retirement or disability plan for employees of any  
24 governmental agency or unit, or retirement payments  
25 to retired partners, which payments are excluded in  
26 computing net earnings from self employment by  
27 Section 1402 of the Internal Revenue Code and  
28 regulations adopted pursuant thereto;

29 (I) The valuation limitation amount;

30 (J) An amount equal to the amount of any tax  
31 imposed by this Act which was refunded to the  
32 taxpayer and included in such total for the taxable  
33 year;

34 (K) An amount equal to all amounts included in

1 taxable income as modified by subparagraphs (A),  
2 (B), (C), (D), (E), (F) and (G) which are exempt  
3 from taxation by this State either by reason of its  
4 statutes or Constitution or by reason of the  
5 Constitution, treaties or statutes of the United  
6 States; provided that, in the case of any statute of  
7 this State that exempts income derived from bonds or  
8 other obligations from the tax imposed under this  
9 Act, the amount exempted shall be the interest net  
10 of bond premium amortization;

11 (L) With the exception of any amounts  
12 subtracted under subparagraph (K), an amount equal  
13 to the sum of all amounts disallowed as deductions  
14 by (i) Sections 171(a) (2) and 265(a)(2) of the  
15 Internal Revenue Code, as now or hereafter amended,  
16 and all amounts of expenses allocable to interest  
17 and disallowed as deductions by Section 265(1) of  
18 the Internal Revenue Code of 1954, as now or  
19 hereafter amended; and (ii) for taxable years ending  
20 on or after August 13, 1999, Sections 171(a)(2),  
21 265, 280C, and 832(b)(5)(B)(i) of the Internal  
22 Revenue Code; the provisions of this subparagraph  
23 are exempt from the provisions of Section 250;

24 (M) An amount equal to those dividends  
25 included in such total which were paid by a  
26 corporation which conducts business operations in an  
27 Enterprise Zone or zones created under the Illinois  
28 Enterprise Zone Act and conducts substantially all  
29 of its operations in an Enterprise Zone or Zones;

30 (N) An amount equal to any contribution made  
31 to a job training project established pursuant to  
32 the Tax Increment Allocation Redevelopment Act;

33 (O) An amount equal to those dividends  
34 included in such total that were paid by a

1 corporation that conducts business operations in a  
2 federally designated Foreign Trade Zone or Sub-Zone  
3 and that is designated a High Impact Business  
4 located in Illinois; provided that dividends  
5 eligible for the deduction provided in subparagraph  
6 (M) of paragraph (2) of this subsection shall not be  
7 eligible for the deduction provided under this  
8 subparagraph (O);

9 (P) An amount equal to the amount of the  
10 deduction used to compute the federal income tax  
11 credit for restoration of substantial amounts held  
12 under claim of right for the taxable year pursuant  
13 to Section 1341 of the Internal Revenue Code of  
14 1986;

15 (Q) For taxable year 1999 and thereafter, an  
16 amount equal to the amount of any (i) distributions,  
17 to the extent includible in gross income for federal  
18 income tax purposes, made to the taxpayer because of  
19 his or her status as a victim of persecution for  
20 racial or religious reasons by Nazi Germany or any  
21 other Axis regime or as an heir of the victim and  
22 (ii) items of income, to the extent includible in  
23 gross income for federal income tax purposes,  
24 attributable to, derived from or in any way related  
25 to assets stolen from, hidden from, or otherwise  
26 lost to a victim of persecution for racial or  
27 religious reasons by Nazi Germany or any other Axis  
28 regime immediately prior to, during, and immediately  
29 after World War II, including, but not limited to,  
30 interest on the proceeds receivable as insurance  
31 under policies issued to a victim of persecution for  
32 racial or religious reasons by Nazi Germany or any  
33 other Axis regime by European insurance companies  
34 immediately prior to and during World War II;

1 provided, however, this subtraction from federal  
2 adjusted gross income does not apply to assets  
3 acquired with such assets or with the proceeds from  
4 the sale of such assets; provided, further, this  
5 paragraph shall only apply to a taxpayer who was the  
6 first recipient of such assets after their recovery  
7 and who is a victim of persecution for racial or  
8 religious reasons by Nazi Germany or any other Axis  
9 regime or as an heir of the victim. The amount of  
10 and the eligibility for any public assistance,  
11 benefit, or similar entitlement is not affected by  
12 the inclusion of items (i) and (ii) of this  
13 paragraph in gross income for federal income tax  
14 purposes. This paragraph is exempt from the  
15 provisions of Section 250;

16 (R) For taxable years 2001 and thereafter, for  
17 the taxable year in which the bonus depreciation  
18 deduction (30% of the adjusted basis of the  
19 qualified property) is taken on the taxpayer's  
20 federal income tax return under subsection (k) of  
21 Section 168 of the Internal Revenue Code and for  
22 each applicable taxable year thereafter, an amount  
23 equal to "x", where:

24 (1) "y" equals the amount of the  
25 depreciation deduction taken for the taxable  
26 year on the taxpayer's federal income tax  
27 return on property for which the bonus  
28 depreciation deduction (30% of the adjusted  
29 basis of the qualified property) was taken in  
30 any year under subsection (k) of Section 168 of  
31 the Internal Revenue Code, but not including  
32 the bonus depreciation deduction; and

33 (2) "x" equals "y" multiplied by 30 and  
34 then divided by 70 (or "y" multiplied by

1           0.429).

2           The aggregate amount deducted under this  
3           subparagraph in all taxable years for any one piece  
4           of property may not exceed the amount of the bonus  
5           depreciation deduction (30% of the adjusted basis of  
6           the qualified property) taken on that property on  
7           the taxpayer's federal income tax return under  
8           subsection (k) of Section 168 of the Internal  
9           Revenue Code; and

10           (S) If the taxpayer reports a capital gain or  
11           loss on the taxpayer's federal income tax return for  
12           the taxable year based on a sale or transfer of  
13           property for which the taxpayer was required in any  
14           taxable year to make an addition modification under  
15           subparagraph (G-10), then an amount equal to that  
16           addition modification.

17           The taxpayer is allowed to take the deduction  
18           under this subparagraph only once with respect to  
19           any one piece of property.

20           (3) Limitation. The amount of any modification  
21           otherwise required under this subsection shall, under  
22           regulations prescribed by the Department, be adjusted by  
23           any amounts included therein which were properly paid,  
24           credited, or required to be distributed, or permanently  
25           set aside for charitable purposes pursuant to Internal  
26           Revenue Code Section 642(c) during the taxable year.

27           (d) Partnerships.

28           (1) In general. In the case of a partnership, base  
29           income means an amount equal to the taxpayer's taxable  
30           income for the taxable year as modified by paragraph (2).

31           (2) Modifications. The taxable income referred to  
32           in paragraph (1) shall be modified by adding thereto the  
33           sum of the following amounts:

34           (A) An amount equal to all amounts paid or

1 accrued to the taxpayer as interest or dividends  
2 during the taxable year to the extent excluded from  
3 gross income in the computation of taxable income;

4 (B) An amount equal to the amount of tax  
5 imposed by this Act to the extent deducted from  
6 gross income for the taxable year;

7 (C) The amount of deductions allowed to the  
8 partnership pursuant to Section 707 (c) of the  
9 Internal Revenue Code in calculating its taxable  
10 income;

11 (D) An amount equal to the amount of the  
12 capital gain deduction allowable under the Internal  
13 Revenue Code, to the extent deducted from gross  
14 income in the computation of taxable income;

15 (D-5) For taxable years 2001 and thereafter,  
16 an amount equal to the bonus depreciation deduction  
17 (30% of the adjusted basis of the qualified  
18 property) taken on the taxpayer's federal income tax  
19 return for the taxable year under subsection (k) of  
20 Section 168 of the Internal Revenue Code; and

21 (D-6) If the taxpayer reports a capital gain  
22 or loss on the taxpayer's federal income tax return  
23 for the taxable year based on a sale or transfer of  
24 property for which the taxpayer was required in any  
25 taxable year to make an addition modification under  
26 subparagraph (D-5), then an amount equal to the  
27 aggregate amount of the deductions taken in all  
28 taxable years under subparagraph (D) with respect to  
29 that property.†

30 The taxpayer is required to make the addition  
31 modification under this subparagraph only once with  
32 respect to any one piece of property;

33 and by deducting from the total so obtained the following  
34 amounts:

1 (E) The valuation limitation amount;

2 (F) An amount equal to the amount of any tax  
3 imposed by this Act which was refunded to the  
4 taxpayer and included in such total for the taxable  
5 year;

6 (G) An amount equal to all amounts included in  
7 taxable income as modified by subparagraphs (A),  
8 (B), (C) and (D) which are exempt from taxation by  
9 this State either by reason of its statutes or  
10 Constitution or by reason of the Constitution,  
11 treaties or statutes of the United States; provided  
12 that, in the case of any statute of this State that  
13 exempts income derived from bonds or other  
14 obligations from the tax imposed under this Act, the  
15 amount exempted shall be the interest net of bond  
16 premium amortization;

17 (H) Any income of the partnership which  
18 constitutes personal service income as defined in  
19 Section 1348 (b) (1) of the Internal Revenue Code  
20 (as in effect December 31, 1981) or a reasonable  
21 allowance for compensation paid or accrued for  
22 services rendered by partners to the partnership,  
23 whichever is greater;

24 (I) An amount equal to all amounts of income  
25 distributable to an entity subject to the Personal  
26 Property Tax Replacement Income Tax imposed by  
27 subsections (c) and (d) of Section 201 of this Act  
28 including amounts distributable to organizations  
29 exempt from federal income tax by reason of Section  
30 501(a) of the Internal Revenue Code;

31 (J) With the exception of any amounts  
32 subtracted under subparagraph (G), an amount equal  
33 to the sum of all amounts disallowed as deductions  
34 by (i) Sections 171(a) (2), and 265(2) of the

1 Internal Revenue Code of 1954, as now or hereafter  
2 amended, and all amounts of expenses allocable to  
3 interest and disallowed as deductions by Section  
4 265(1) of the Internal Revenue Code, as now or  
5 hereafter amended; and (ii) for taxable years ending  
6 on or after August 13, 1999, Sections 171(a)(2),  
7 265, 280C, and 832(b)(5)(B)(i) of the Internal  
8 Revenue Code; the provisions of this subparagraph  
9 are exempt from the provisions of Section 250;

10 (K) An amount equal to those dividends  
11 included in such total which were paid by a  
12 corporation which conducts business operations in an  
13 Enterprise Zone or zones created under the Illinois  
14 Enterprise Zone Act, enacted by the 82nd General  
15 Assembly, and conducts substantially all of its  
16 operations in an Enterprise Zone or Zones;

17 (L) An amount equal to any contribution made  
18 to a job training project established pursuant to  
19 the Real Property Tax Increment Allocation  
20 Redevelopment Act;

21 (M) An amount equal to those dividends  
22 included in such total that were paid by a  
23 corporation that conducts business operations in a  
24 federally designated Foreign Trade Zone or Sub-Zone  
25 and that is designated a High Impact Business  
26 located in Illinois; provided that dividends  
27 eligible for the deduction provided in subparagraph  
28 (K) of paragraph (2) of this subsection shall not be  
29 eligible for the deduction provided under this  
30 subparagraph (M);

31 (N) An amount equal to the amount of the  
32 deduction used to compute the federal income tax  
33 credit for restoration of substantial amounts held  
34 under claim of right for the taxable year pursuant

1 to Section 1341 of the Internal Revenue Code of  
2 1986;

3 (O) For taxable years 2001 and thereafter, for  
4 the taxable year in which the bonus depreciation  
5 deduction (30% of the adjusted basis of the  
6 qualified property) is taken on the taxpayer's  
7 federal income tax return under subsection (k) of  
8 Section 168 of the Internal Revenue Code and for  
9 each applicable taxable year thereafter, an amount  
10 equal to "x", where:

11 (1) "y" equals the amount of the  
12 depreciation deduction taken for the taxable  
13 year on the taxpayer's federal income tax  
14 return on property for which the bonus  
15 depreciation deduction (30% of the adjusted  
16 basis of the qualified property) was taken in  
17 any year under subsection (k) of Section 168 of  
18 the Internal Revenue Code, but not including  
19 the bonus depreciation deduction; and

20 (2) "x" equals "y" multiplied by 30 and  
21 then divided by 70 (or "y" multiplied by  
22 0.429).

23 The aggregate amount deducted under this  
24 subparagraph in all taxable years for any one piece  
25 of property may not exceed the amount of the bonus  
26 depreciation deduction (30% of the adjusted basis of  
27 the qualified property) taken on that property on  
28 the taxpayer's federal income tax return under  
29 subsection (k) of Section 168 of the Internal  
30 Revenue Code; and

31 (P) If the taxpayer reports a capital gain or  
32 loss on the taxpayer's federal income tax return for  
33 the taxable year based on a sale or transfer of  
34 property for which the taxpayer was required in any

1 taxable year to make an addition modification under  
2 subparagraph (D-5), then an amount equal to that  
3 addition modification.

4 The taxpayer is allowed to take the deduction  
5 under this subparagraph only once with respect to  
6 any one piece of property.

7 (e) Gross income; adjusted gross income; taxable income.

8 (1) In general. Subject to the provisions of  
9 paragraph (2) and subsection (b) (3), for purposes of  
10 this Section and Section 803(e), a taxpayer's gross  
11 income, adjusted gross income, or taxable income for the  
12 taxable year shall mean the amount of gross income,  
13 adjusted gross income or taxable income properly  
14 reportable for federal income tax purposes for the  
15 taxable year under the provisions of the Internal Revenue  
16 Code. Taxable income may be less than zero. However, for  
17 taxable years ending on or after December 31, 1986, net  
18 operating loss carryforwards from taxable years ending  
19 prior to December 31, 1986, may not exceed the sum of  
20 federal taxable income for the taxable year before net  
21 operating loss deduction, plus the excess of addition  
22 modifications over subtraction modifications for the  
23 taxable year. For taxable years ending prior to December  
24 31, 1986, taxable income may never be an amount in excess  
25 of the net operating loss for the taxable year as defined  
26 in subsections (c) and (d) of Section 172 of the Internal  
27 Revenue Code, provided that when taxable income of a  
28 corporation (other than a Subchapter S corporation),  
29 trust, or estate is less than zero and addition  
30 modifications, other than those provided by subparagraph  
31 (E) of paragraph (2) of subsection (b) for corporations  
32 or subparagraph (E) of paragraph (2) of subsection (c)  
33 for trusts and estates, exceed subtraction modifications,  
34 an addition modification must be made under those

1 subparagraphs for any other taxable year to which the  
2 taxable income less than zero (net operating loss) is  
3 applied under Section 172 of the Internal Revenue Code or  
4 under subparagraph (E) of paragraph (2) of this  
5 subsection (e) applied in conjunction with Section 172 of  
6 the Internal Revenue Code.

7 (2) Special rule. For purposes of paragraph (1) of  
8 this subsection, the taxable income properly reportable  
9 for federal income tax purposes shall mean:

10 (A) Certain life insurance companies. In the  
11 case of a life insurance company subject to the tax  
12 imposed by Section 801 of the Internal Revenue Code,  
13 life insurance company taxable income, plus the  
14 amount of distribution from pre-1984 policyholder  
15 surplus accounts as calculated under Section 815a of  
16 the Internal Revenue Code;

17 (B) Certain other insurance companies. In the  
18 case of mutual insurance companies subject to the  
19 tax imposed by Section 831 of the Internal Revenue  
20 Code, insurance company taxable income;

21 (C) Regulated investment companies. In the  
22 case of a regulated investment company subject to  
23 the tax imposed by Section 852 of the Internal  
24 Revenue Code, investment company taxable income;

25 (D) Real estate investment trusts. In the  
26 case of a real estate investment trust subject to  
27 the tax imposed by Section 857 of the Internal  
28 Revenue Code, real estate investment trust taxable  
29 income;

30 (E) Consolidated corporations. In the case of  
31 a corporation which is a member of an affiliated  
32 group of corporations filing a consolidated income  
33 tax return for the taxable year for federal income  
34 tax purposes, taxable income determined as if such

1 corporation had filed a separate return for federal  
2 income tax purposes for the taxable year and each  
3 preceding taxable year for which it was a member of  
4 an affiliated group. For purposes of this  
5 subparagraph, the taxpayer's separate taxable income  
6 shall be determined as if the election provided by  
7 Section 243(b) (2) of the Internal Revenue Code had  
8 been in effect for all such years;

9 (F) Cooperatives. In the case of a  
10 cooperative corporation or association, the taxable  
11 income of such organization determined in accordance  
12 with the provisions of Section 1381 through 1388 of  
13 the Internal Revenue Code;

14 (G) Subchapter S corporations. In the case  
15 of: (i) a Subchapter S corporation for which there  
16 is in effect an election for the taxable year under  
17 Section 1362 of the Internal Revenue Code, the  
18 taxable income of such corporation determined in  
19 accordance with Section 1363(b) of the Internal  
20 Revenue Code, except that taxable income shall take  
21 into account those items which are required by  
22 Section 1363(b)(1) of the Internal Revenue Code to  
23 be separately stated; and (ii) a Subchapter S  
24 corporation for which there is in effect a federal  
25 election to opt out of the provisions of the  
26 Subchapter S Revision Act of 1982 and have applied  
27 instead the prior federal Subchapter S rules as in  
28 effect on July 1, 1982, the taxable income of such  
29 corporation determined in accordance with the  
30 federal Subchapter S rules as in effect on July 1,  
31 1982; and

32 (H) Partnerships. In the case of a  
33 partnership, taxable income determined in accordance  
34 with Section 703 of the Internal Revenue Code,

1           except that taxable income shall take into account  
2           those items which are required by Section 703(a)(1)  
3           to be separately stated but which would be taken  
4           into account by an individual in calculating his  
5           taxable income.

6           (f) Valuation limitation amount.

7           (1) In general. The valuation limitation amount  
8           referred to in subsections (a) (2) (G), (c) (2) (I) and  
9           (d)(2) (E) is an amount equal to:

10           (A) The sum of the pre-August 1, 1969  
11           appreciation amounts (to the extent consisting of  
12           gain reportable under the provisions of Section 1245  
13           or 1250 of the Internal Revenue Code) for all  
14           property in respect of which such gain was reported  
15           for the taxable year; plus

16           (B) The lesser of (i) the sum of the  
17           pre-August 1, 1969 appreciation amounts (to the  
18           extent consisting of capital gain) for all property  
19           in respect of which such gain was reported for  
20           federal income tax purposes for the taxable year, or  
21           (ii) the net capital gain for the taxable year,  
22           reduced in either case by any amount of such gain  
23           included in the amount determined under subsection  
24           (a) (2) (F) or (c) (2) (H).

25           (2) Pre-August 1, 1969 appreciation amount.

26           (A) If the fair market value of property  
27           referred to in paragraph (1) was readily  
28           ascertainable on August 1, 1969, the pre-August 1,  
29           1969 appreciation amount for such property is the  
30           lesser of (i) the excess of such fair market value  
31           over the taxpayer's basis (for determining gain) for  
32           such property on that date (determined under the  
33           Internal Revenue Code as in effect on that date), or  
34           (ii) the total gain realized and reportable for

1 federal income tax purposes in respect of the sale,  
2 exchange or other disposition of such property.

3 (B) If the fair market value of property  
4 referred to in paragraph (1) was not readily  
5 ascertainable on August 1, 1969, the pre-August 1,  
6 1969 appreciation amount for such property is that  
7 amount which bears the same ratio to the total gain  
8 reported in respect of the property for federal  
9 income tax purposes for the taxable year, as the  
10 number of full calendar months in that part of the  
11 taxpayer's holding period for the property ending  
12 July 31, 1969 bears to the number of full calendar  
13 months in the taxpayer's entire holding period for  
14 the property.

15 (C) The Department shall prescribe such  
16 regulations as may be necessary to carry out the  
17 purposes of this paragraph.

18 (g) Double deductions. Unless specifically provided  
19 otherwise, nothing in this Section shall permit the same item  
20 to be deducted more than once.

21 (h) Legislative intention. Except as expressly provided  
22 by this Section there shall be no modifications or  
23 limitations on the amounts of income, gain, loss or deduction  
24 taken into account in determining gross income, adjusted  
25 gross income or taxable income for federal income tax  
26 purposes for the taxable year, or in the amount of such items  
27 entering into the computation of base income and net income  
28 under this Act for such taxable year, whether in respect of  
29 property values as of August 1, 1969 or otherwise.

30 (Source: P.A. 91-192, eff. 7-20-99; 91-205, eff. 7-20-99;  
31 91-357, eff. 7-29-99; 91-541, eff. 8-13-99; 91-676, eff.  
32 12-23-99; 91-845, eff. 6-22-00; 91-913, eff. 1-1-01; 92-16,  
33 eff. 6-28-01; 92-244, eff. 8-3-01; 92-439, eff. 8-17-01;

1 92-603, eff. 6-28-02; 92-626, eff. 7-11-02; 92-651, eff.  
2 7-11-02; 92-846, eff. 8-23-02; revised 11-15-02.)

3 Section 15-15. The Property Tax Code is amended by  
4 changing Sections 18-255, 20-15, and 21-30 and by adding  
5 Section 18-178 as follows:

6 (35 ILCS 200/18-178 new)

7 Sec. 18-178. Educational purposes tax abatement.  
8 Beginning with taxes levied for 2003 (payable in 2004), the  
9 county clerk must determine the final extension for  
10 educational purposes for all taxable property in a school  
11 district located in the county or for the taxable property of  
12 that part of a school district located in the county, taking  
13 into account the maximum rate, levy, and extension authorized  
14 under the Property Tax Extension Limitation Law, the Truth in  
15 Taxation Law, and any other statute. The county clerk must  
16 then abate the extension for educational purposes for each  
17 school district or part of a school district in the county in  
18 the amount of the school district property tax relief grant  
19 certified to the county clerk for that school district or  
20 part of a school district by the Department of Revenue under  
21 Section 6z-59 of the State Finance Act. When the final  
22 extension for educational purposes has been determined and  
23 abated, the county clerk must notify the Department of  
24 Revenue.

25 The county clerk must determine the reduced amount of the  
26 tax for educational purposes to be billed by the county  
27 collector and paid by each taxpayer in a given school  
28 district by re-calculating the tax rate for educational  
29 purposes for that school district based on the reduced  
30 extension amount after abatement. This reduced extension  
31 amount shall be used only for determining the amount of the  
32 tax bill. The extension amount for educational purposes as

1 originally calculated before abatement is the official final  
2 extension for educational purposes and must be used for all  
3 other purposes, including determining the maximum rate, levy,  
4 and extension authorized under the Property Tax Extension  
5 Limitation Law, the Truth in Taxation Law, and any other  
6 statute and the maximum amount of tax anticipation warrants  
7 under Section 17-16 of the School Code.

8 (35 ILCS 200/18-255)

9 Sec. 18-255. Abstract of assessments and extensions.  
10 When the collector's books are completed, the county clerk  
11 shall make a complete statement of the assessment and  
12 extensions, in conformity to the instructions of the  
13 Department. The clerk shall certify the statement to the  
14 Department. Beginning with the 2003 levy year, the Department  
15 shall require the statement to include a separate listing of  
16 the extensions subject to abatement under Section 18-178.

17 (Source: Laws 1943, vol. 1, p. 1136; P.A. 88-455.)

18 (35 ILCS 200/20-15)

19 Sec. 20-15. Information on bill or separate statement.  
20 The amount of tax due and rates shown on the tax bill  
21 pursuant to this Section shall be net of any abatement under  
22 Section 18-178. There shall be printed on each bill, or on a  
23 separate slip which shall be mailed with the bill:

24 (a) a statement itemizing the rate at which taxes  
25 have been extended for each of the taxing districts in  
26 the county in whose district the property is located, and  
27 in those counties utilizing electronic data processing  
28 equipment the dollar amount of tax due from the person  
29 assessed allocable to each of those taxing districts,  
30 including a separate statement of the dollar amount of  
31 tax due which is allocable to a tax levied under the  
32 Illinois Local Library Act or to any other tax levied by

1 a municipality or township for public library purposes,

2 (b) a separate statement for each of the taxing  
3 districts of the dollar amount of tax due which is  
4 allocable to a tax levied under the Illinois Pension Code  
5 or to any other tax levied by a municipality or township  
6 for public pension or retirement purposes,

7 (c) the total tax rate,

8 (d) the total amount of tax due, and

9 (e) the amount by which the total tax and the tax  
10 allocable to each taxing district differs from the  
11 taxpayer's last prior tax bill, and

12 (f) the amount of tax abated under Section 18-178  
13 labeled "Your School Tax Refund".

14 The county treasurer shall ensure that only those taxing  
15 districts in which a parcel of property is located shall be  
16 listed on the bill for that property.

17 In all counties the statement shall also provide:

18 (1) the property index number or other suitable  
19 description,

20 (2) the assessment of the property,

21 (3) the equalization factors imposed by the county  
22 and by the Department, and

23 (4) the equalized assessment resulting from the  
24 application of the equalization factors to the basic  
25 assessment.

26 In all counties which do not classify property for  
27 purposes of taxation, for property on which a single family  
28 residence is situated the statement shall also include a  
29 statement to reflect the fair cash value determined for the  
30 property. In all counties which classify property for  
31 purposes of taxation in accordance with Section 4 of Article  
32 IX of the Illinois Constitution, for parcels of residential  
33 property in the lowest assessment classification the  
34 statement shall also include a statement to reflect the fair

1 cash value determined for the property.

2 In all counties, the statement shall include information  
3 that certain taxpayers may be eligible for the Senior  
4 Citizens and Disabled Persons Property Tax Relief and  
5 Pharmaceutical Assistance Act and that applications are  
6 available from the Illinois Department of Revenue.

7 In counties which use the estimated or accelerated  
8 billing methods, these statements shall only be provided with  
9 the final installment of taxes due, except that the statement  
10 under item (f) shall be included with both installments in  
11 those counties under estimated or accelerated billing  
12 methods, the first billing showing the amount deducted from  
13 the first installment, and the final billing showing the  
14 total tax abated for the levy year under Section 18-178. The  
15 provisions of this Section create a mandatory statutory duty.  
16 They are not merely directory or discretionary. The failure  
17 or neglect of the collector to mail the bill, or the failure  
18 of the taxpayer to receive the bill, shall not affect the  
19 validity of any tax, or the liability for the payment of any  
20 tax.

21 (Source: P.A. 91-699, eff. 1-1-01.)

22 (35 ILCS 200/21-30)

23 Sec. 21-30. Accelerated billing. Except as provided in  
24 this Section and Section 21-40, in counties with 3,000,000 or  
25 more inhabitants, by January 31 annually, estimated tax bills  
26 setting out the first installment of property taxes for the  
27 preceding year, payable in that year, shall be prepared and  
28 mailed. The first installment of taxes on the estimated tax  
29 bills shall be computed at 50% of the total of each tax bill  
30 before the abatement of taxes under Section 18-178 for the  
31 preceding year, less an estimate of one half of the school  
32 district property tax relief grant for the current year  
33 determined based on information provided by the Department of

1 Revenue and any other information available. If, prior to  
2 the preparation of the estimated tax bills, a certificate of  
3 error has been either approved by a court on or before  
4 November 30 of the preceding year or certified pursuant to  
5 Section 14-15 on or before November 30 of the preceding year,  
6 then the first installment of taxes on the estimated tax  
7 bills shall be computed at 50% of the total taxes before the  
8 abatement of taxes under Section 18-178 for the preceding  
9 year as corrected by the certificate of error, less an  
10 estimate of one half of the school district property tax  
11 relief grant for the current year determined based on  
12 information provided by the Department of Revenue and any  
13 other information available. By June 30 annually, actual tax  
14 bills shall be prepared and mailed. These bills shall set out  
15 total taxes due and the amount of estimated taxes billed in  
16 the first installment, and shall state the balance of taxes  
17 due for that year as represented by the sum derived from  
18 subtracting the amount of the first installment from the  
19 total taxes due for that year.

20 The county board may provide by ordinance, in counties  
21 with 3,000,000 or more inhabitants, for taxes to be paid in 4  
22 installments. For the levy year for which the ordinance is  
23 first effective and each subsequent year, estimated tax bills  
24 setting out the first, second, and third installment of taxes  
25 for the preceding year, payable in that year, shall be  
26 prepared and mailed not later than the date specified by  
27 ordinance. Each installment on estimated tax bills shall be  
28 computed at 25% of the total of each tax bill for the  
29 preceding year. By the date specified in the ordinance,  
30 actual tax bills shall be prepared and mailed. These bills  
31 shall set out total taxes due and the amount of estimated  
32 taxes billed in the first, second, and third installments and  
33 shall state the balance of taxes due for that year as  
34 represented by the sum derived from subtracting the amount of

1 the estimated installments from the total taxes due for that  
2 year.

3 The county board of any county with less than 3,000,000  
4 inhabitants may, by ordinance or resolution, adopt an  
5 accelerated method of tax billing. The county board may  
6 subsequently rescind the ordinance or resolution and revert  
7 to the method otherwise provided for in this Code.

8 Taxes levied on homestead property in which a member of  
9 the National Guard or reserves of the armed forces of the  
10 United States who was called to active duty on or after  
11 August 1, 1990, and who has an ownership interest shall not  
12 be deemed delinquent and no interest shall accrue or be  
13 charged as a penalty on such taxes due and payable in 1991 or  
14 1992 until one year after that member returns to civilian  
15 status.

16 (Source: P.A. 92-475, eff. 8-23-01.)".